

may violate section 5 if the customer uses the invoice to obtain larger payments than it is entitled to receive.

*Example 1:* A newspaper has a "national" rate and a lower "local" rate. A retailer places an advertisement with the newspaper at the local rate for a seller's product for which the retailer will seek reimbursement under the seller's cooperative advertising plan. The newspaper should not send the retailer two bills, one at the national rate and another at the local rate actually charged.

*Example 2:* A newspaper has several published rates. A large retailer has in the past earned the lowest rate available. The newspaper should not submit invoices to the retailer showing a high rate by agreement between them unless the invoice discloses that the retailer may receive a rebate and states the amount (or approximate amount) of the rebate, if known, and if not known, the amount of rebate the retailer could reasonably anticipate.

*Example 3:* A radio station has a flat rate for spot announcements, subject to volume discounts. A retailer buys enough spots to qualify for the discounts. The station should not submit an invoice to the retailer that does not show either the actual net cost or the discount rate.

*Example 4:* An advertising agent buys a large volume of newspaper advertising space at a low, unpublished negotiated rate. Retailers then buy the space from the agent at a rate lower than they could buy this space directly from the newspaper. The agent should not furnish the retailers invoices showing a rate higher than the retailers actually paid for the space.

#### § 240.14 Meeting competition.

A seller charged with discrimination in violation of sections 2 (d) and (e) may defend its actions by showing that particular payments were made or services furnished in good faith to meet equally high payments or equivalent services offered or supplied by a competing seller. This defense is available with respect to payments or services offered on an area-wide basis, to those offered to new as well as old customers, and regardless of whether the discrimination has been caused by a decrease or an increase in the payments or services offered. A seller must reasonably believe that its offers are necessary to meet a competitor's offer.

#### § 240.15 Cost justification.

It is no defense to a charge of unlawful discrimination in the payment of an allowance or the furnishing of a service

for a seller to show that such payment or service could be justified through savings in the cost of manufacture, sale or delivery.

### PART 241—GUIDES FOR THE DOG AND CAT FOOD INDUSTRY

Sec.

- 241.1 Definitions.
- 241.2 Misuse of terms.
- 241.3 Misrepresentation in general.
- 241.4 Misrepresenting composition, form, suitability, or quality in labeling.
- 241.5 Misrepresenting composition, form, suitability, or quality in advertising.
- 241.6 Misrepresentation of color in advertising.
- 241.7 Misrepresentation of flavor in advertising.
- 241.8 Diet and nutrient misrepresentation.
- 241.9 Misrepresentation of medicinal and therapeutic benefits.
- 241.10 Human food representation.
- 241.11 Misrepresentation of processing methods.
- 241.12 Defamation of competitors or false disparagement of their products.
- 241.13 Misrepresentation of the character and size of business, extent of testing, etc.
- 241.14 Deceptive endorsements, testimonials, and awards.
- 241.15 Bait advertising.
- 241.16 Guarantees, warranties, etc.
- 241.17 Deceptive pricing.

AUTHORITY: 38 Stat. 717, as amended; 15 U.S.C. 41-58.

SOURCE: 34 FR 3619, Feb. 28, 1969, unless otherwise noted.

#### § 241.1 Definitions.

For the purpose of this part the following definitions shall apply:

(a) *Industry product* means a food for dogs or cats and includes all types of dry, semimoist, frozen, canned, and other commercial foods manufactured or marketed for consumption by domesticated dogs or cats. The term also includes special *candy* for such dogs and cats but does not include animal medicines or remedies.

(b) *Industry member* means a person, firm, corporation, or organization engaged in the importation, manufacture, sale or distribution of an industry product.

(c) *Ingredients* are the constituent materials making up a food for dogs or cats. Except as otherwise prescribed in this part the names and definitions of